

The St. Christopher House

Financial Statements
March 31, 2012



June 14, 2012

Independent Auditor's Report

**To the Directors of
The St. Christopher House**

We have audited the accompanying financial statements of The St. Christopher House, which comprise the statement of financial position as at March 31, 2012 and the statements of operations, changes in fund balances and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The St. Christopher House as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

The St. Christopher House

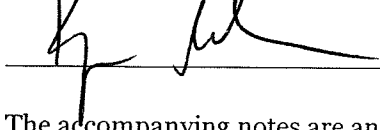
Statement of Financial Position

As at March 31, 2012

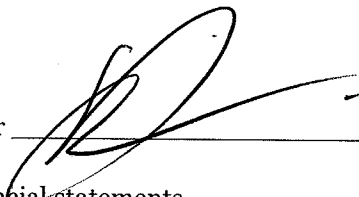
	2012 \$	2011 \$ (restated - note 2)
Assets		
Current assets		
Cash and cash equivalents	219,891	334,893
Short-term investments	499,687	480,000
Amounts receivable	579,390	543,830
Prepaid expenses	6,779	40,773
	<u>1,305,747</u>	<u>1,399,496</u>
Due from St. Christopher House Community Endowment (note 4)	-	988,058
Investments (note 8)	1,018,793	-
Capital assets (note 3)	<u>794,821</u>	<u>727,363</u>
	<u>3,119,361</u>	<u>3,114,917</u>
Liabilities		
Current liabilities		
Amounts payable and accrued liabilities	696,751	696,881
Due to St. Christopher House Community Endowment (note 4)	29,715	-
Deferred operating grants (note 6)	208,305	268,952
Mortgage payable	3,825	3,570
	<u>938,596</u>	<u>969,403</u>
Mortgage payable (note 5)	55,396	59,476
Deferred capital contributions (note 7)	<u>507,956</u>	<u>499,765</u>
	<u>1,501,948</u>	<u>1,528,644</u>
Fund Balances		
General and Internally Restricted	1,022,196	986,612
Investment in Capital Assets	233,644	239,132
Endowed	<u>361,573</u>	<u>360,529</u>
	<u>1,617,413</u>	<u>1,586,273</u>
	<u>3,119,361</u>	<u>3,114,917</u>

Commitments (note 11)

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

The St. Christopher House

Statement of Operations

For the year ended March 31, 2012

	2012				2011	
	General and Internally Restricted \$	Investment in Capital Assets \$	Externally Restricted \$	Endowed \$	Total \$	Total \$ (restated - note 2)
Revenues before fundraising						
Federal government grants and subsidies (note 6)	-	-	590,608	-	590,608	755,635
Ministry of Citizenship and Immigration grant	-	-	61,497	-	61,497	61,497
Other provincial grants (note 6)	-	-	5,155,855	-	5,155,855	4,834,274
Local Health Integration Network - St. Clair West (note 10)	-	-	1,047,374	-	1,047,374	1,032,502
City of Toronto grants/subsidies (note 6)	-	-	1,035,304	-	1,035,304	1,105,630
United Way Foundations	-	-	834,326	-	834,326	817,677
Program fees (note 6)	-	-	194,888	-	194,888	460,911
Administration/supervision fees	10,484	-	1,355,711	-	1,355,711	1,279,827
Membership fees	-	-	1,286	-	1,286	16,615
Amortization of capital contributions (note 7)	-	76,123	-	-	76,123	68,478
Investment income	10,377	-	-	-	10,377	28,411
	20,861	76,123	10,276,849	-	10,373,833	10,462,150
Expenses before fundraising						
Salaries, wages and employee benefits	-	-	7,232,475	-	7,232,475	7,460,950
Building occupancy	-	-	306,564	-	306,564	302,374
Office expense	-	-	209,728	-	209,728	217,010
Recruitment/education	-	-	26,995	-	26,995	28,218
Communication and printing	-	-	6,391	-	6,391	17,614
Purchased services	-	-	645,901	-	645,901	655,759
Purchased services - St. Clair West (note 10)	-	-	1,047,374	-	1,047,374	1,032,502
Staff development	-	-	33,811	-	33,811	38,371
Staff travel	-	-	34,855	-	34,855	36,807
Transportation	-	-	74,287	-	74,287	77,815
Food services	-	-	259,762	-	259,762	270,761
Recreation, education and other program expenses	-	-	463,619	-	463,619	483,749
Depreciation	-	85,436	-	-	85,436	77,792
	-	85,436	10,341,762	-	10,427,198	10,699,722
Excess (deficiency) of revenues over expenditures before fundraising						
	20,861	(9,313)	(64,913)	-	(53,365)	(237,572)
Fundraising/donations	164,767	-	-	-	164,767	181,201
Fundraising expenses	81,306	-	-	-	81,306	70,296
	83,461	-	-	-	83,461	110,905
Excess (deficiency) of revenues over expenditures after fundraising						
	104,322	(9,313)	(64,913)	-	30,096	(126,667)

The accompanying notes are an integral part of these financial statements.

The St. Christopher House
Statement of Changes in Fund Balances
For the year ended March 31, 2012

					2012	2011
	General and Internally Restricted \$	Investment in Capital Assets \$	Externally Restricted \$	Endowed \$	Total \$	Total \$ (restated - note 2)
Fund balances - Beginning of year	986,612	239,132	-	360,529	1,586,273	1,712,940
Excess (deficiency) of revenues over expenditures after fundraising	104,322	(9,313)	(64,913)	-	30,096	(126,667)
Endowed funds received during the year	-	-	-	1,044	1,044	-
Interfund transfers (note 9)	(68,738)	3,825	64,913	-	-	-
Fund balances - End of year	<u>1,022,196</u>	<u>233,644</u>	<u>-</u>	<u>361,573</u>	<u>1,617,413</u>	<u>1,586,273</u>

The accompanying notes are an integral part of these financial statements.

The St. Christopher House

Statement of Cash Flows

For the year ended March 31, 2012

	2012 \$	2011 \$ (restated - note 2)
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenditures for the year	30,096	(126,667)
Depreciation	85,436	77,792
Amortization of capital contributions	(76,123)	(68,478)
	<u>39,409</u>	<u>(117,353)</u>
Change in non-cash operating working capital		
Amounts receivables	(35,560)	232,189
Prepaid expenses	33,994	(38,585)
Due from (to) St. Christopher House Community Endowment	1,017,773	(383,232)
Amounts payable and accrued liabilities	(130)	112,719
Deferred operating grants	(60,647)	(227,631)
	<u>994,839</u>	<u>(421,889)</u>
Financing activities		
Mortgage repayment	(3,825)	(3,570)
Investing activities		
Endowed funds received	1,044	-
Increase in deferred capital contributions	84,314	74,580
Purchases of investments	(1,038,480)	-
Purchase of capital assets	(152,894)	-
	<u>(1,106,016)</u>	<u>74,580</u>
Decrease in cash and cash equivalents during the year	(115,002)	(350,879)
Cash and cash equivalents - Beginning of year	334,893	685,772
Cash and cash equivalents - End of year	219,891	334,893
Supplementary information		
Interest paid	4,215	4,465

The accompanying notes are an integral part of these financial statements.

The St. Christopher House

Notes to Financial Statements

March 31, 2012

1 Purpose of the organization

The St. Christopher House (the organization) provides programs and services to enable less advantaged individuals, families and groups in the community gain greater control over their lives and within their community. The organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

2 Summary of significant accounting policies

Changes in accounting policy

In the current year, the organization has reviewed its accounting policy for recognizing contributions and has decided to change the accounting policy from the restricted fund method to the deferral method for accounting for contributions. As a result, unspent restricted contributions previously recognized in revenue have been recognized as deferred operating grants/revenue and deferred capital contributions. This change has been made retrospectively and as a result certain prior year balances in the financial statements have been adjusted and restated for the change in the accounting policy.

The results of these adjustments to prior period comparatives are summarized as follows:

	As previously stated March 31, 2011 \$	Adjustment \$	As restated March 31, 2011 \$
Statement of financial position			
Deferred operating grants	46,573	222,379	268,952
Deferred capital contributions	-	499,765	499,765
Externally Restricted Fund balance	296,959	(296,959)	-
Investment in Capital Assets	664,317	(425,185)	239,132
Statement of operations			
Federal government grants and subsidies	788,113	(32,478)	755,635
Other	5,867,206	(430)	5,866,776
City of Toronto grants/subsidies	1,108,951	(3,321)	1,105,630
Program fees	1,225,038	54,789	1,279,827
Fundraising/donations	181,313	(112)	181,201
Amortization of capital contributions	-	68,478	68,478
Excess (deficiency) of revenues over expenditures	(213,593)	86,926	(126,667)

Fund accounting

These financial statements are presented on a fund accounting basis using the deferral method of accounting for contributions. The following funds have been presented:

The St. Christopher House

Notes to Financial Statements

March 31, 2012

General and Internally Restricted Funds

- The General Fund reflects amounts available for immediate use for the general purpose of the organization as determined by the Board of Directors.
- The Internally Restricted Fund reflects the amounts that have been formally set aside by the organization to be used for specific purposes as approved by the Board of Directors.

Restricted Funds

- The Externally Restricted Fund reflects the organization's core and satellite program activities that are funded primarily by externally restricted contributions and funding.
- The Investment in Capital Assets Fund reflects the transactions relating to the organization's capital assets. Contributions given specifically to fund capital assets are deferred and recorded as income of this fund using the same rates as those used to depreciate the related capital asset. Internally financed transactions are reflected as interfund transfers from the General and Internally Restricted Funds.

Endowed Fund

The Endowed Fund reflects internally and externally restricted resources that include an internal or external requirement that the principal be maintained. Once determined, the annual distributable amount of the Endowed Fund is transferred to the General and Internally Restricted Funds.

Interest earned on those funds is recognized in core operations and is used to subsidize programs in accordance with the wishes of the donors.

The Endowed Fund is distinct from St. Christopher House Community Endowment (Community Endowment), which is a separate entity that is independent of the organization and appoints its own Board of Directors. Community Endowment is a registered charity under the Income Tax Act and supports the charitable activities of the organization.

Revenue recognition

General contributions and unrestricted revenues are recognized when received or receivable. Amounts received relating to fundraising events to be held after the fiscal year-end are deferred and recognized upon completion of the specific fundraising event. Contributions and funding for specific programs are recognized as revenue in the year in which the related program expenses are incurred. Contributions not yet spent are generally reflected as deferred operating grants.

Investment income is accrued as it is earned. Investment income includes dividends interest income and realized and unrealized gains and losses.

Capital assets

Rates and bases of depreciation applied to write off the cost less estimated salvage value of capital assets over their estimated used lives on a straight-line basis are as follows:

The St. Christopher House

Notes to Financial Statements

March 31, 2012

Buildings	5%
Furniture, equipment and computers	25%
Automotive equipment	30%

Impairment of long-lived assets

The organization reviews the carrying amounts of its long-lived assets if events or circumstances indicate the carrying amount may not be recoverable. If the carrying amount is not recoverable, the organization would recognize an impairment loss, if required, equal to the amount that the carrying value of the asset exceeds its fair value.

Donated services and materials

Donated services of the volunteers are not recorded in the financial statements as the fair value of these services cannot reasonably be estimated. Donated materials received by way of gifts-in-kind are not recorded in the financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term investments with original maturities of three months or less.

Short-term investments

Short-term investments are guaranteed investment certificates and are carried at fair value in the financial statements.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification below.

Cash and cash equivalents, short-term investments and investments are classified as held-for-trading and are recorded at fair value. Changes in the value of investments are reflected in the statement of operations as investment income and changes in fund balances. Transaction costs related to financial assets, which are classified as held-for-trading, are expensed as incurred.

Amounts receivable, amounts payable and accrued liabilities and mortgage payable are designated as loans and receivables or other liabilities and are thus measured at amortized cost. For receivables and payables and accrued liabilities, this approximates their fair value due to their short-term maturity.

The organization has chosen to continue to apply The Canadian Institute of Chartered Accountants Handbook Section 3861, Financial Instruments - Disclosure and Presentation, in place of Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation.

The St. Christopher House

Notes to Financial Statements

March 31, 2012

Contributed services

Volunteers make a substantial contribution of time each year to assist the organization in carrying out its activities. Due to the difficulty in determining the fair value of such contributed services, they are not recognized in these financial statements.

Use of estimates

In preparing the organization's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenditures. Actual amounts could differ from those estimates.

Future accounting changes

- Accounting standards for not-for-profit organizations

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable to not-for-profit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain exemptions and exceptions contained within the standards. Early adoption of the standards is permitted. These standards will apply to the organization for the fiscal year starting April 1, 2012. The organization is currently considering the impact of the adoption of these standards.

3 Capital assets

	2012		
	Cost \$	Accumulated depreciation \$	Net \$
Land	197,200	-	197,200
Buildings	1,708,697	1,111,076	597,621
Furniture, equipment and computers	200,943	200,943	-
Automotive equipment	151,185	151,185	-
	<u>2,258,025</u>	<u>1,463,204</u>	<u>794,821</u>
	2011		
	Cost \$	Accumulated depreciation \$	Net \$
Land	197,200	-	197,200
Buildings	1,555,803	1,025,640	530,163
Furniture, equipment and computers	200,943	200,943	-
Automotive equipment	151,185	151,185	-
	<u>2,105,131</u>	<u>1,377,768</u>	<u>727,363</u>

The St. Christopher House

Notes to Financial Statements

March 31, 2012

4 Due from (to) St. Christopher House Community Endowment (the Community Endowment)

In the prior year, the organization had a loan receivable of \$988,058 from the Community Endowment on the basis that the balance will be repaid in whole or in part, within 15 days of written demand. In prior years, interest accrued at a rate of 5% compounded annually. Income earned is proportionate to the organization's portion of funds invested in the investment portfolio of the Community Endowment. Interest earned for the current year was \$nil (2011 - \$22,703).

In the current year, the loan balance was over collected resulting in a payable balance to the Community Endowment of \$29,715 as at year-end.

5 Mortgage payable

The mortgage payable is amortized over a 25-year term renewable every five years. Currently, the mortgage payable bears interest at 7% and matures June 2012. The building at 248 Ossington Avenue, with a carrying value of \$291,617, is pledged as collateral. The mortgage matures June 17, 2012 and is expected to be renewed.

The scheduled repayments, including principal and interest payments, for the next five years and thereafter are as follows:

	\$
2013	8,040
2014	8,040
2015	8,040
2016	8,040
2017	8,040
Thereafter	40,200
	<u>80,400</u>

6 Deferred operating grants

Deferred operating grants relate to restricted funding received in the current period that is related to the subsequent period. Changes in the deferred operating grant balance are as follows:

	2012 \$	2011 \$
Beginning balance	268,952	496,579
Add: Amounts received related to the following year	204,903	424,028
Less: Amounts recognized as revenue in the year	(250,221)	(651,655)
Less: Amounts repaid to funder in the year	(15,329)	-
Ending balance	<u>208,305</u>	<u>268,952</u>

The St. Christopher House

Notes to Financial Statements

March 31, 2012

7 Deferred capital contributions

Deferred capital contributions reported in the Investment in Capital Asset Fund include the unamortized portions of contributed capital assets and restricted contributions with which the organization's buildings were originally purchased and renovations for buildings were made.

The changes for the year in the deferred capital contributions balance reported in the Investment in Capital Asset Fund are as follows:

	2012	2011
	\$	\$
Beginning balance	499,765	493,663
Funding received for renovations to buildings	84,314	74,580
Amounts amortized to revenue	(76,123)	(68,478)
	<hr/>	<hr/>
Ending balance	507,956	499,765

8 Investments

Investments are held in a pooled fund managed by external investment managers and consist of the following:

	2012	2011
	\$	\$
Cash and fixed income	379,297	-
Canadian equities	303,091	-
Global equities	336,405	-
	<hr/>	<hr/>
	1,018,793	-

9 Interfund transfers

Annually, the Board of Directors approves a transfer of the balance of the General and Internally Restricted Funds to the Externally Restricted Fund to fund deficiencies and to the Investment in Capital Assets Fund for internally financed transactions for capital assets.

10 Revenue and expenses - St. Clair West

During the year, the organization received and distributed funding from the Local Health Integration Network to be used for St. Clair West Supportive Housing.

The St. Christopher House

Notes to Financial Statements

March 31, 2012

11 Commitments

The organization has entered into various agreements to lease office equipment. The future minimum payments are as follows:

	\$
2013	36,000
2014	33,000
2015 and thereafter	<u>26,000</u>
	<u>95,000</u>

12 Financial instruments

Credit risk

The credit risk with respect to amounts receivable is limited due to the majority of revenue coming from government sources.

Interest risk

The organization is exposed to interest rate risk because the interest on its short-term investments and mortgage payable may vary from time to time.

13 Comparative figures

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current year.